

SENATE BILL No. 215

DIGEST OF INTRODUCED BILL

Citations Affected: IC 8-1-2.4.

Synopsis: Cogeneration. Amends the statute concerning alternate energy production, cogeneration, and small hydro facilities to: (1) include in the definition of a "private generation project" certain facilities that are sufficiently proximate in location to and integrated with the host operation; and (2) define an "eligible facility" and include within the definition the consuming elements of a host operation using the associated energy output for industrial, commercial, heating, or cooling purposes.

Effective: Upon passage.

Hershman

January 6, 2016, read first time and referred to Committee on Utilities.



Second Regular Session 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

SENATE BILL No. 215

A BILL FOR AN ACT to amend the Indiana Code concerning utilities.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 8-1-2.4-2, AS AMENDED BY P.L.222-2014,
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 2. (a) The definitions in this section apply
4 throughout this chapter.
5 (b) "Alternate energy production facility" means:
6 (1) a solar, wind turbine, waste management, resource recovery,
7 refuse-derived fuel, or wood burning facility;
8 (2) any land, system, building, or improvement that is located at
9 the project site and is necessary or convenient to the construction,
10 completion, or operation of the facility; and
11 (3) the transmission or distribution facilities necessary to conduct
12 the energy produced by the facility to users located at or near the
13 project site.
14 (c) "Cogeneration facility" means:
15 (1) a facility that:
16 (A) simultaneously generates electricity and useful thermal
17 energy; and



- 1 (B) meets the energy efficiency standards established for
 2 cogeneration facilities by the Federal Energy Regulatory
 3 Commission under 16 U.S.C. 824a-3;
 4 (2) any land, system, building, or improvement that is located at
 5 the project site and is necessary or convenient to the construction,
 6 completion, or operation of the facility; and
 7 (3) the transmission or distribution facilities necessary to conduct
 8 the energy produced by the facility to users located at or near the
 9 project site.
- 10 (d) "Electric utility" means any public utility or municipally owned
 11 utility that owns, operates, or manages any electric plant.
- 12 (e) "Small hydro facility" means:
 13 (1) a hydroelectric facility at a dam;
 14 (2) any land, system, building, or improvement that is located at
 15 the project site and is necessary or convenient to the construction,
 16 completion, or operation of the facility; and
 17 (3) the transmission or distribution facilities necessary to conduct
 18 the energy produced by the facility to users located at or near the
 19 project site.
- 20 (f) "Steam utility" means any public utility or municipally owned
 21 utility that owns, operates, or manages a steam plant.
- 22 (g) "Private generation project" means a cogeneration facility that
 23 has an electric generating capacity of eighty (80) megawatts or more
 24 and is:
 25 (1) primarily used by its owner for the owner's industrial,
 26 commercial, heating, or cooling purposes; or
 27 (2) a qualifying facility for purposes of the Public Utility
 28 Regulatory Policies Act of 1978 that ~~(A) is in existence on July 1,~~
 29 ~~2014; and (B)~~ produces electricity and useful thermal energy that
 30 is primarily used by a host operation for industrial, commercial,
 31 heating, or cooling purposes **and is:**
 32 **(A) located on the same site as the host operation; or**
 33 **(B) determined by the commission to be a facility that:**
 34 **(i) satisfies the requirements of this chapter; and**
 35 **(ii) is sufficiently proximate in location to and integrated**
 36 **with the host operation that treatment under this**
 37 **chapter is reasonable and in the public interest.**
- 38 (h) "Eligible facility" means an alternate energy production
 39 facility, a cogeneration facility, or a small hydro facility that is:
 40 (1) described in section 5 of this chapter; and
 41 (2) either:
 42 **(A) located on the same site as a host operation; or**



- (B) determined by the commission to be a facility that:
- (i) satisfies the requirements of this chapter; and
 - (ii) is sufficiently proximate in location to and integrated with the host operation so that treatment under this chapter is reasonable and in the public interest.

The term includes the consuming elements of a host operation using the associated energy output for industrial, commercial, heating, or cooling purposes.

SECTION 2. IC 8-1-2.4-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Subject to section 5 of this chapter, the commission shall require electric utilities and steam utilities to enter into long term contracts to:

(1) purchase or wheel electricity or useful thermal energy from ~~alternate energy production facilities, cogeneration facilities, or small hydro~~ **eligible** facilities located in the utility's service territory, under the terms and conditions that the commission finds:

(A) are just and economically reasonable to the corporation's ratepayers;

(B) are nondiscriminatory to alternate energy producers, cogenerators, and small hydro producers; and

(C) will further the policy stated in section 1 of this chapter; and

(2) provide for the availability of supplemental or backup power to ~~alternate energy production facilities, cogeneration facilities, or small hydro~~ **eligible** facilities on a nondiscriminatory basis and at just and reasonable rates.

(b) Upon application by the owner or operator of any ~~alternate energy production facility, cogeneration facility, or small hydro~~ **eligible** facility, or any interested party, the commission shall establish for the affected utility just and economically reasonable rates for electricity purchased under subsection (a)(1). The rates shall be established at levels sufficient to stimulate the development of alternate energy production, cogeneration, and small hydro facilities in Indiana, and to encourage the continuation of existing capacity from those facilities.

(c) The commission shall base the rates for new facilities or new capacity from existing facilities on the following factors:

(1) The estimated capital cost of the next generating plant, including related transmission facilities, to be placed in service by the utility.

(2) The term of the contract between the utility and the seller.

(3) A levelized annual carrying charge based upon the term of the



1 contract and determined in a manner consistent with both the
 2 methods and the current interest or return requirements associated
 3 with the utility's new construction program.

4 (4) The utility's annual energy costs, including current fuel costs,
 5 related operation and maintenance costs, and any other
 6 energy-related costs considered appropriate by the commission.
 7 Until July 1, 1986, the rate for a new facility may not exceed eight
 8 cents ~~(\$0.08)~~ **(\$0.08)** per kilowatt hour.

9 (d) The commission shall base the rates for existing facilities on the
 10 factors listed in subsection (c). However, the commission shall also
 11 consider the original cost less depreciation of existing facilities and
 12 may establish a rate for existing facilities that is less than the rate
 13 established for new facilities.

14 (e) In the case of a utility that purchases all or substantially all of its
 15 electricity requirements, the rates established under this section must
 16 be equal to the current cost to the utility of similar types and quantities
 17 of electrical service.

18 (f) In lieu of the other procedures provided by this section, a utility
 19 and an owner or operator of an ~~alternate energy production facility;~~
 20 ~~cogeneration facility; or small hydro eligible~~ facility may enter into a
 21 long term contract in accordance with subsection (a) and may agree to
 22 rates for purchase and sale transactions. A contract entered into under
 23 this subsection must be filed with the commission in the manner
 24 provided by IC 8-1-2-42.

25 (g) This section does not require an electric utility or steam utility
 26 to construct any additional facilities unless those facilities are paid for
 27 by the owner or operator of the affected ~~alternate energy production~~
 28 ~~facility; cogeneration facility; or small hydro eligible~~ facility.

29 **SECTION 3. An emergency is declared for this act.**

